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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Billed Party Preference	)	CC Docket No. 92-77
for 0+ InterLATA Calls	)	

AT&T'S REPLY COMMENTS

Pursuant to the Commission's Order in this matter[1], American Telephone and Telegraph Company ("AT&T") submits its reply comments.[2]

I. IMPOSITION OF A MANDATORY COMPENSATION MECHANISM WOULD BE PREMATURE AND WOULD NOT SERVE THE PUBLIC INTEREST.

As demonstrated by AT&T, the imposition of a mandatory transfer mechanism is unnecessary.[3] Significant

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[1] In the Matter of Billed Party Preference for 0+ InterLATA Calls, Report and Order and Request for Supplemental Comment, CC Docket No. 92-77 Phase I, released November 6, 1992 ("Order").

[2] A list of those who filed comments is set forth in Attachment A hereto.

[3] AT&T, p.6. See also Sprint, p. 1. As Sprint also notes (id.), implementation of a mandatory transfer and compensation mechanism might incent other operator service providers ("OSPs") to induce callers at their presubscribed telephones always to dial calls on a 0+ basis, so that the OSP could participate in a new revenue stream. This is inconsistent with the intent of the Commission's November 6 Order, and it would promote customer dialing practices that are directly contrary to the behavior which the Commission wishes to encourage.

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changes are about to be implemented for away from home calling. The Commission's unblocking requirements for private payphones will become effective next week, and the unblocking of most other public telephones will be required in about 60 days. This will alleviate much of the problem that has driven proprietary cardholders to try to reach their carriers by dialing 0+ (rather than an access code) at telephones that are not presubscribed to the card issuer. In addition, interexchange carrier ("IXC") developed consumer education campaigns will cause the number of misdialed 0+ calls to be reduced dramatically.[4] Thus, as Sprint acknowledges (p. 3), the need for transfers should substantially diminish in the near future, and it would be "misguided and unsound" for the Commission to attempt to establish a mandatory call transfer mechanism and compensation scheme at this time.

Moreover, contrary to the assertions of several commentors[5], the Commission cannot simply impose a mandatory compensation requirement on carriers.[6] As Sprint (p. 5)

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[4] AT&T, pp. 1-2; Sprint, p.4; USLD, p. 11 ("Mandatory CIID card IXC participation in compensation contracts could become moot if the IXC educates its own customers properly.")

[5] See e.g., CompTel, p. 3; ITI, p. 4; CNS, pp.8-9; NTI, p.3; APCC, p. 5.

[6] The Commission has already recognized that it cannot require one carrier to subscribe to another carrier's tariffs. See, Capital Network Systems, Inc., 6 FCC Rcd 5609 (Common Carrier Bureau 1991), review denied, FCC 92-

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explains, the Commission's only authority to require mandatory compensation is its power under Section 201(a) to establish through routes, which specifically requires an express finding that such arrangements "are necessary or desirable in the public interest."[7]

The record clearly refutes any claim that the public interest would be served by the establishment of through routes in this situation. As Sprint (pp. 5-6) explains, through routes are "a highly regulatory solution" which will require a massive commitment of Commission resources to an issue that will be of declining importance. This assessment is confirmed by several other parties who agree that through routes are the most technically involved

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512, released December 2, 1992. Similarly, contractual transfer arrangements require voluntary agreement between the participating parties. Thus, the Commission cannot, as Intellicall (p. 6) suggests, order proprietary card issuers to enter into call transfer agreements with other carriers. See e.g., Sprint (pp. 4-5) and One Call (p. 4), who recognize that a card issuer cannot be compelled either to subscribe to a tariff or to enter into a contract.

[7] 47 U.S.C. §201(a). Support for the mandatory imposition of a compensation mechanism cannot be found in the Commission's recent adoption of "dial around" compensation for private payphone companies in Docket No. 91-35. The introduction of "dial around" compensation was the result of the specific provisions of TOCSIA (47 U.S.C. § 226(e)(2)), which is not applicable here.

and costly mechanism for transferring 0+ calls.[8] PhoneTel's comments (pp. 4-5), for example, graphically illustrate that a through route could involve three sets of originating access charges and two sets of terminating access charges, as well as two sets of network and operator costs on a single call.

In short, there is absolutely no basis for a finding that the mandatory imposition of such cumbersome serving arrangements and the associated extraordinary expenses is in the public interest. Indeed, the only entities which stand to benefit from through routes are those OSPs who seek to be paid as much for not serving the customer as they would have received if the consumer had actually placed the call over that OSP's network. Consumers will be better served by mandatory unblocking, proper signage and the IXC educational programs that have already been required by the Commission.

II. VOLUNTARY TRANSFERS OF 0+ CALLS SHOULD BE BASED UPON CONTRACTS, AND COMPENSATION SHOULD BE LIMITED TO REIMBURSEMENT OF REASONABLE OUT-OF-POCKET COSTS.

There is general agreement among the commentors that the three types of transfers discussed in AT&T's

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[8] See e.g., AT&T, pp. 3-5; CNS, pp. 7-8 (direct transfer is "by its very nature, the most expensive type of transfer service"); CompTel, pp. 15-16.

comments (i.e., call re-origination; transfers that do not connect the originating telephone with the serving operator center; and customer education) are the only mechanisms that can be implemented using current technology. There is also general consensus that "call re-origination" is only available at a limited number of telephones,[9] and there can be no dispute that transfers using through routes are the most cumbersome and costly of the currently available options.[10]

The educational alternative suggested by AT&T is, however, an efficient and universally available transfer mechanism.[11] This type of "transfer" involves the use of an announcement instructing the caller to hang up and redial the call using the card issuer's access code.[12] In addition

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[9] See, e.g., CompTel, p. 11; ITI, p. 6.

[10] See pp. 3-4, supra.

[11] Several OSPs stated that they themselves use and prefer this type of transfer mechanism, describing it as "the most efficient and most consumer friendly." See, e.g., PhoneTel, p. iii ; LDDS, p. ii. Virtually all other OSPs support this mechanism as a viable option. See, e.g., CompTel, pp. 10-11; ITI, pp. 4-5; CNS, p. 6.

[12] CNS suggests (pp. 5-6) that OSPs should also be compensated for instances in which callers hang up after hearing the initial "branding" message by the OSP without even dialing the called number. This suggestion is unadministrable, because there is no way of telling why the customer hung up or who his preferred carrier might have been. Moreover, it is also inconsistent with the informational requirements of TOCSIA. These requirements recognize the limitations of the signage process and require OSPs to provide customers with branding information, which is the only way they can be sure of the identity of the carrier that will be handling their

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to being available and efficient, this alternative could easily be the subject of voluntary contractual arrangements between carriers who wish to provide this type of service and those who wish to avail themselves of it.

For its part, AT&T is not adverse to entering into contracts which would enable its customers to obtain such information, provided that the term of the agreements is commensurate with the short-term nature of the current situation[13] and that the charges for the service are, as CompTel suggests (p. 3), limited to "recover[y of] the out-of-pocket costs" required to provide dialing instructions to reach AT&T. In addition, AT&T must receive sufficient information from the transferring OSPs to be able to verify that such information was actually provided to AT&T cardholders.[14]

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call. Branding -- and the customer reaction to such branding -- are a required cost of doing business for all OSPs.

[13] As recognized by many commentors, <u>see</u> p. 2, <u>supra</u>, the number of misdirected 0+ calls from AT&T proprietary cardholders is likely to diminish rapidly over the next several months.

[14] AT&T's recent discussions with other carriers indicates that the information AT&T needs in order to verify OSP charges for dialing instruction information may not be a significant hurdle to completing contracts that otherwise meet the criteria discussed above. <u>See</u>, <u>e.g.</u>, CompTel, pp. 18-19. AT&T also must be assured that the dialing instructions for which it would pay compensation are consistent with its needs and those of its customers. Thus, as part of the negotiating process, AT&T must be

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AT&T does not have detailed information about the actual out-of-pocket costs OSPs may incur in providing instructions of this nature to consumers. However, based upon the costs of originating access for the OSPs (on average about $.035 per minute), the expected time required to deliver the access code message (approximately 10 seconds or less) and AT&T's own costs in providing operator services, AT&T believes that such costs should not, on average, exceed about $.15 per call for OSPs that have their own operator centers. The costs, if any, for OSPs that provide "store and forward" type operator services, however, should be substantially less, because all of the actions necessary to provide the dialing information will take place in the telephone set itself and will require no network or operator facilities.[15]

Whatever the demonstrable actual costs, however, there is simply no basis for USLD's suggestion (pp. 13-14) that the compensation for transfer services should be based upon "value." The Commission's Order (¶ 25) is solely directed to concerns that 0+ calls charged to proprietary cards may have caused other carriers to incur unrecoverable

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able to review the instructions that will actually be provided to the consumer.

[15] See ITI, pp. 6-7.

"costs," and it makes no reference to any type of reimbursement based upon an amorphous concept of "value."[16]

CONCLUSION

For the reasons stated above, the Commission should not adopt any mandatory 0+ call transfer requirements and should allow the industry to enter into reasonable and limited contracts to provide appropriate information to customers who inadvertently misdial their 0+ calls.

Respectfully submitted,

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[16] Indeed, the Order (¶ 64) expressly seeks comment on the "cost elements" and "cost support" that would underlie any reimbursement. USLD's suggestion is also inconsistent with the position of the other OSPs, who seek recovery of out-of-pocket costs incurred in performing such transfers. CompTel, p. 3. See also, ITI, pp. 6-7; AMNEX, p. 2.

ATTACHMENT A

LIST OF COMMENTERS

American Public Communications Council (APCC)

American Telephone and Telegraph Company (AT&T)

AMNEX, Inc.

Capital Network System, Inc. (CNS)

Cleartel Communications, Inc., International Pacific, Inc. and Teltrust Communications Services, Inc. (Cleartel)

Competitive Telecommunications Association (CompTel)

Intellicall, Inc.

International Telecharge, Inc. (ITI)

LinkUSA Corporation

LDDS Communications, Inc.

MCI Telecommunications Corporation (MCI)

National Tele-Save, Inc. (NTI)

One Call Communications, Inc. d/b/a OPTICOM (Opticom)

Pacific Bell and Nevada Bell

PhoneTel Technologies, Inc. (PhoneTel)

Rock Hill Telephone Company

Southwestern Bell Telephone Company (SWBT)

Sprint Corporation

U.S. Long Distance, Inc. (USLD)

Value-Added Communications, Inc. (VAC)

CERTIFICATE OF SERVICE

I, Valerie Harris, hereby certify that on this 6th day of January, 1993, a true copy of the foregoing "AT&T's Reply Comments" was served by first class mail, postage prepaid, upon the parties on the attached list.

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